

COMMERCE IN LATE COLONIAL PERU AND MEXICO: A COMMENT AND SOME COMPARATIVE SUGGESTIONS*

Nils Jacobsen

It is characteristic for the commercial systems of the ancien regime colonial empires that even purely economic variables, such as the volume of trade, commodity prices, or the direction and composition of commodity flows, appear strongly influenced by the political regulatory frame constructed by metropolitan governments and their colonial administrations. It is thus not surprising that in the historiography on the trade to and within the Spanish Indies so much emphasis has been placed on the regulatory policies of institutions as the *Consejo de Indias*, the *Casa de Contratación* and the *Consulados* in Cádiz, Mexico and Lima. Particular for the late colonial period a good deal of attention has been focused on that body of royal laws, ordinances and decrees which apparently brought such sweeping changes not only on the trade, but also to the fiscal and administrative structure of Spanish America and which is commonly referred to as the Bourbon reforms. Only during the last fifteen years has there grown a substantial body of studies on economic and social aspects of Spanish American commerce during the late colonial period. Only since the late 1970's do we possess thorough quantitative studies on the trade between Spain and Spanish America during the last century of the colonial regime. Only since the publication of Brading's innovative study on miners and merchants in Bourbon New Spain have we begun to get a glimpse of the mercantile and credit practices among the commercial elite of that viceroyalty, as well as its social recruitment mechanisms, problems which have typically remained unexplored for the case of Peru until the just completed work of Flores Galindo and Haitin.¹ Even for the better studied Mexican viceroyalty many issues concerning the late colonial commercial structure remain obscure: What was the pattern of transport, its cost and the degree to which it allowed the rise of an integrated market covering the core of the viceroyalty? To which degree was trade competitive or, conversely, continued to rely on clientelistic monopolization of commodity and credit markets? How did mercantile interest rates develop? Did their evolution influence investment decisions?

While shifting the focus away from institutional histories, much of the recent economic and social historiography on late colonial commerce does not escape the spell of Bourbon policy making: Spectacular increases of trade volumes are explained as consequences of *comercio libre*, the rise of new groups of traders and the relative decline of others are described as the result of lifted trade monopolies or the establishment of *comercio neutral*. In short, the power of the Spanish crown to effect changes in the economic and social structure looms large in most of these studies.

The three papers to be discussed here, as different as they are in methodological approach, in scope and contents, share this trait: They use particular Bourbon reform measures or other political events for periodizing changes in commercial patterns and the composition of the merchant communities. Barbier approaches his topic from the perspective of modern political history, tracing an evolving commercial policy-making process on the basis of the conflicting interests bearing on it. Flores Galindo looks at the operation of Lima's mercantile aristocracy primarily from the point of view of the social historian, while Haitin approaches the same city's commerce with its overall economic structure foremost in his analysis.

It is clear that these papers, demonstrating the broad range of issues now being researched in the area of Spanish America's late colonial commercial structure - from policy-making to price history -, hardly in and of themselves facilitate a comparison of the two vicerealties' trade pattern. With the overall purpose of this volume in mind, I shall thus begin with a critique of the three individual papers and then attempt to outline some major points for a comparison of New Spain's and Peru's late commercial structures.

In his paper on the policy struggle over Habana's right to re-export European goods to Vera Cruz, a struggle which spanned most of the reign of Charles IV, Barbier lucidly presents another facet of his general model for Spain's colonial policy evolution during the twenty years between Charles' III death and the dramatic events of 1808. By 1807 the royal finance and colonial administrations in Madrid were ready to pursue a policy, which singlemindedly tried to maximize fiscal revenues, even if this upset the longstanding frame of colonial commercial policy and thus might be prejudicial to entrenched and hitherto powerful mercantile interests. For the specific issue studied by Barbier here, this meant allowing La Habana's merchants the re-export of European commodities to Vera Cruz, so that receipts from this potentially rich

trade would obviate the need for hefty amounts of Mexican crown silver flowing to Cuba as *situado* instead of aiding Madrid's treasury in the fight against mounting deficits. But such a policy shift, according to the author, also spelled the death of the coalition of interests, constitutive for the Bourbon reform era, between the crown and Madrid interests on the one hand and the Cádiz Consulado and coastal Spain's mercantile interests on the other.

Much of this conflict over La Habana's role in the Spanish empire's colonial structure during the reign of Charles IV has been studied previously in the literature.² The value of Barbier's contribution here lies in his emphasis on the strong link between commercial and monetary issues, in identifying particular interests with both sides in the policy debate and in deftly placing these developments, concerning a single issue, within the broader frame of Madrid's colonial policy between 1788 and 1808.

I would like to suggest two lines of critique to Barbier's arguments, one concerning the significance of species shortages in late eighteenth century Cuba and the other dealing with the alignment of interests which had an impact on Madrid's policy-making process.

Cuba's species shortage had two causes: 1. the different intrinsic value of the currency which its merchants and bureaucracy received from New Spain from that of its major trading partners, Spain and the United States and 2. the rapid development of the island's sugar industry between 1792 and 1808. After the clipped coinage which had stimulated the island's exports, had been called in by the mid-1780's, the strong Mexican pesos began to circulate since the early 1790's. These coins immediately flowed out again, because both U.S. and Spanish merchants could make speculative profits on exchanging them for gold or Spanish pesetas. This was a condition which could not even be halted by a positive balance of trade with foreign areas and indeed continued to characterize Cuba's currency situation until the mid-nineteenth century.³ It is true that the negative balance of trade with "foreign colonies," particularly the United States, also caused coinage to flow out from the island. But this negative balance of trade, as Barbier has pointed out, was a necessary side effect of the extremely rapid expansion of Cuba's sugar industry after St. Domingue's collapse as major producer. This expansion was enthusiastically pushed by La Habana's merchant community, and while planters became ever more indebted for lack of own funds for the acquisition of slaves and agricultural implements required to increase their sugar production, the Habaneros, both

merchants and *prestamistas*, were the main beneficiaries in this "take off" period for Cuba's plantation economy. They were willing to supply credit to the planters against payment in sugar as long as the market promised high returns and expanded. In this way the rapid growth of sugar production was underwritten by massive investments of merchant capital in Cuba from diverse sources, as the peninsula, New Spain and even the United States.⁴ This infusion of capital probably did as much as the crown *situado* to compensate for the island's negative balance of trade. Since the high rates of imports into the island was in good measure a direct gauge of merchant investors' confidence in the further growth of the Cuban sugar economy, it is obvious that the Habaneros could live with the negative balance of trade and the consequent shortages of species.

Their political pressure to liberalize species and trade flows between the island and Vera Cruz should thus not be seen primarily as an attempt to find replacement for the declining *situado* specie entering Cuba. Rather it aimed at strengthening La Habana's (and thus the merchants' own) commercial and financial centrality, to transform the port into "el almacén general, el emporio de éstas Américas," as the *sindico* of the city's newly created Consulado, Arango y Parreño, declared.⁵ Of course the Habaneros hoped to take in more Mexican currency with gaining the privilege of selling European goods in New Spain. But this increased amount of currency was meant to sustain the expansion of both exports and imports from and to Cuba, a function of pump priming, one might say, for the further growth of the island's sugar industry. This process would continue to produce negative balances of trade, and the Habaneros, through these very trade deficits, would further fortify their control over the island's economy.

With regard to the interests which had a bearing on Madrid's decision making over trade between Cuba and New Spain, it would appear that Jaques Barbier may have downplayed the combined voice of New Spain's Consulados – united on this issue inspite of their otherwise fierce rivalry – and the colony's viceregal administration, something carefully documented by Ortiz de la Tabla.⁶ Between 1797 and 1799, when the question of European re-exports from Habana to Vera Cruz was first debated, interests of the Mexico and Vera Cruz Consulados coincided completely with those of Cádiz. Madrid's policy must have been aimed as much at not alienating New Spain's merchant guilds, a key power group in this centerpiece and most valuable revenue source of Spain's American empire, as it was at maintaining a balance between

crown (fiscal) and coastal commercial interest in the peninsula itself. While the growing pressure of fiscal issues clearly had a strong impact on the 1807 policy change, one may wonder, whether the desire to keep New Spain as closely integrated into the empire as possible, did not play an equally important role. After all, in 1807 the alternative for Madrid's policy makers was not whether Mexico was to be provisioned with European goods only from peninsular ports or also, by way of re-exports, from La Habana. Rather, in the face of the metropolis' incapacity to keep up regular trade with America, the only realistic options consisted in making La Habana the entrepot for neutral ships arriving with European goods for the Mexican market, or seeing the viceroyalty supplied completely by direct links between foreign ports and Vera Cruz. Under prevailing circumstances granting La Habana a privileged status in transatlantic commerce did not only legalize a de facto trade pattern established at least since 1805, but also offered the only, albeit feeble, possibility to limit direct access to New Spain's market by foreign merchants. One may also wonder to which degree changes in the pattern of commerce during the war years had strengthened the position of those merchants in Vera Cruz and the interior of New Spain (especially in the intendancy of Oaxaca), who openly favored re-exports from La Habana (Ortiz de la Tabla only views these as minor "defections" from the opposing view of New Spain's Consulados).

One final comment on periodization: For Barbier the royal decree of 1807 signalled the abandonment of the commercial policies of the Bourbon reform era, thus pushing the political turnabout, at least in this issue, nearly to the very end of Spain's ancien regime. It is ironic that on the question of trade between La Habana and Vera Cruz Barbier should identify the position, which helped to maintain the interests of the Consulados of Cádiz, Mexico and Vera Cruz on the basis of commercial regulations from the seventeenth century, contained in the *Recopilación de Leyes de Indias* of 1687, with the Bourbon reform policy, while he attaches the abandonment of that policy to a measure liberalizing trade. If nothing else, this suggests that the peculiar mixture of Spanish aggrandizement and enlightened reform characteristic of Charles' III commercial policy some fifteen years later through the rapid turn of events had been converted into a last line of defense for the most powerful merchant groups in the peninsula and New Spain. The fiscal crisis and the disruption of transatlantic commerce which resulted from the Napoleonic wars, was producing a strange coalition between mercantilist bureaucrats in Madrid, who were reducing their political projects

to the immediate welfare of the Spanish state in its hour of need, and "dissident" merchants at various points in the empire, who profitted from a further liberalization of trade. What then is to be gained from the application of a common label "Bourbon reforms" to commercial policies evolved over more than forty years?

The problems raised by Alberto Flores Galindo's paper on the economic operations and the social demeanor of Lima's merchant aristocracy during the eighteenth century are of different nature. The value of his contribution, part of a larger study, rests on providing us for the first time with information about the social, economic and political mechanisms by which the highest stratum of Lima's merchants attained and attempted to solidify wealth and power. We now learn that in many aspects they operated much in the same way as those of other Spanish American cities in the Bourbon era: The continuity of a family's commercial operations was often assured by having a nephew from the peninsula take over the business in Lima; exclusivity and social distancing were pursued by endogamous marriage patterns. But Flores Galindo tries to cover much vaster ground in his paper and touches upon as diverse issues as the articulation of various modes of production, the relation between "mercantile splendour" and the structure of the labor market, the ties between the merchants and the colonial bureaucracy, and commercial conjunctures. While very suggestive, the treatment of some of these issues raises more questions than it answers. What does it mean, for example, to insist on calling Lima's Consulado merchants both an *aristocracy* and the dominant colonial *class*? It is impossible to discuss all of these questions here. I shall limit myself to make a few remarks primarily on the author's periodization scheme and his interpretation of the effects of the commercial crisis of the mid-1780's, as well as some methodological problems.

Timing and nature of both the rise and the decay of what Flores Galindo views as the ephemeral wealth and power of Lima's merchant aristocracy in the third quarter of the eighteenth century seem problematic. His view that between the mid-1630's and the early decades of the Bourbon era a long break occurred in Lima's mercantile penetration of the Andean hinterland, roughly coinciding with the phase of the seventeenth century crisis debated for many of the Atlantic economies, seems untenable. The decline of silver production, which reached its nadir probably during the early decades of the eighteenth century, never lead to an abandonment of the credit and commodity circuits stretching from Lima to Potosí, Quito and places in between. Even the production

of precious metals did not decline uniformly throughout the viceroyalty since the 1630's and some mining regions, notably Puno, reached their apex precisely during the last third of the seventeenth century, presumably the nadir of the crisis.⁷ Other activities, which presumed fairly large credit and commercial circuits, were either in their "take off" phase during the seventeenth century, as the *repartos* by *corregidores*, or reached their peak of production, as the Quito *obrajes*.⁸ The Lima merchants provided credit for such enterprises and were involved in the commercialization of the goods produced or sold in the Sierra. This is not to say that the crisis of the seventeenth century had no effect on Lima's merchant community and its control over the Andean hinterland. Rather the period between 1635 and the early decades of the eighteenth century witnessed a thorough restructuring process affecting both overseas trade and ties with the Andean hinterland: It was marked by a changing relative weight of transatlantic and domestic trade, by a different composition of European imports (cheaper grades of textiles beginning to assume greater significance since the later seventeenth century), declining unit prices for European goods (meaning that the import capacity of the viceroyalty did not decline proportionate to the decline of precious metals shipments). Also during this period, what Sempat Assadourian has called the "Peruvian space", i.e. that vast region which had been integrated into one, albeit precariously weak commercial network during the late sixteenth century through the rise of the silver mining complexes, for the first time began to shrink. This process continued in the later eighteenth century, as Flores Galindo observes, with the excision of the Viceroyalty of La Plata and Lima's consequent loss of control over Alto Peru's mines.

If this view of the period of crisis has any merit, then Flores Galindo's idea about the "project" of Lima's merchants during the eighteenth century requires serious revision: It was not that the creation of a mercantile space in the Andean hinterland was "just beginning" during the Bourbon era. Rather Lima's merchants readjusted their methods of penetration, the spatial patterning of their trade in the Sierra, and the type of goods they supplied.

But what about the effects of *comercio libre* for the city's mercantile aristocracy? Did it really bring about a rapid decay of their "ephemeral splendour" after 1783? Flores Galindo here coincides fully with the conventional view, as it was first suggested by the bitterly complaining petitions and *informes* of Lima's Consulado during the 1780's and magisterially expounded by Céspedes del Castillo's study on the relation

between Lima and Buenos Aires. To be sure, the glut of the market, produced by the first rush of liberalized trade after the peace of Paris, caused a grave short-term crisis and led to the recomposition of Lima's merchant community.

But the author does not convincingly show that Lima's merchants did not benefit from the strong growth of imports at least until 1797, as well as the rise of Peru's silver production, which continued until the early years of the nineteenth century. Fisher has shown that it was the Lima merchants who, working through *aviadores* and *repartos de bienes* by *subdelegados* (although forbidden) reaped high profits in the expansion of silver production.⁹

Flores Galindo is certainly right, when he suggests that Lima was losing market shares in the trade of Chile, Alto Peru and even the southern Intendencias of Lower Peru itself. But this was occurring at a time when volume and value of European imports were rising fast. We thus need much better documentation to tell whether Lima's trade in those regions was declining in *absolute* terms before 1810. At the same time it now appears likely that the sale of European goods in the remaining areas of the viceroyalty and particularly in Lima itself, i.e. regions where Lima's merchants still maintained an undisputed hegemony, was expanding at least until the mid 1790's and thus compensated for any losses sustained in the South.

As Sergio Villalobos has shown more than twenty years ago, complaints about ruinous gluts on the market, due to the effects of *comercio libre*, neutral ships since 1797, an increased presence of foreign merchants and rampant contraband, were not only uttered by Lima's merchant aristocracy, but just as often – and with the same voice of desperation – by the newly established merchant guilds of Santiago and Buenos Aires, the beneficiaries of the Bourbon commercial reforms.¹⁰ Since such complaints were raised simultaneously with a large expansion of trade, they cannot be used as evidence for a pervasive and lasting commercial decadence. Rather they demonstrate greatly changed conditions of trade, under which merchants used to monopolies and privileges, saw their profit margins slashed as agile and at times highly capitalized competitors entered the market. As Flores Galindo has pointed out, under these circumstances quite a few of the monopolistic merchants succumbed in this brisk new business climate. But others survived and did well, either by adapting or by carving out a share for themselves in one of the niches in which good monopolistic profits were still to be had, as for example trade and credit operations with the burgeoning silver

mines through *aviadores*. At the same time new fortunes were made by the very merchants who entered the market only after the liberalization of the trade between the late 1770's and the 1790's. Such merchants or companies, both peninsular and creole, at first operated independently of Lima's Consulado and were viewed as dangerous rivals. But by the second decade of the nineteenth century, they often had become respected members of the merchant guild. The largest fortunes existing in Lima during that time, such as those of Pedro Abadia and José de Arizmedi, had been made since the 1780's, i.e. the presumed beginning of decay.¹¹ Lima's mercantile aristocracy of the late eighteenth century thus would seem to have been much less of a closed, quasi corporate social stratum than Flores Galindo assumes. It may very well be that the drastic changes in the viceroyalty's commercial structure since the early 1780's forced this stratum to allow fast rising new merchants to join its ranks precisely at the moment when it had begun to close itself off as an exclusive aristocratic group.

Flores Galindo primarily uses two types of evidence to support his claim concerning the decay of Lima's trade since the 1780's: 1. a comparison of various data on merchants and their capital in wills from two sample years, 1770 and 1810, and 2. a variety of trade, tax and production statistics contained in the literature on this period.

The first source, the wills drawn up before Lima notaries in 1770 and 1810, raises the question, how much confidence we may place in this small sample. With a merchant community numbering in the hundreds, what does it tell us that ten or six merchants respectively possess between 2500 and some 60,000 pesos in cash in the two sample years, lying more than a generation apart? What share of a merchant's total assets was held as liquid cash in his strong box at any given moment, and how much was invested in merchandise or circulating as credits? Also the range of credits which Flores Galindo found in the wills, up to 2,200 pesos in 1770, seems low. We know of quite a few loans by Lima's merchants to miners, for example, amounting to more than 10,000 pesos. For the purpose of analysing the fate of the Lima mercantile aristocracy, a more promising – and not necessarily more laborious – research strategy might have consisted in tracing all notarial contracts pertaining to a few merchant families over a period of forty or fifty years.

The variety of statistics on trade, taxation and production which Flores Galindo cites from the literature, faces a double drawback as evidence for his arguments. In the first place, several of these statistics

allow rather different conclusions than those the author draws from them. It is true, for example, that the revenue collected by the viceroyalty's *caja matriz* in Lima declined somewhat after a peak in the 1780's. Nevertheless the mean receipts for every five-year period between 1790 and 1820 continued to surpass the collection of any similar period before 1780, in most cases by as much as 50 to 100 percent.¹² Similarly it is true that the production of silver and gold coins in the Lima mint reached its apex in 1794 and from then on stagnated. But the mean annual mint production was slightly higher between 1796 and 1815 than it had been in the preceding twenty-year period.¹³

Secondly, the statistics on mintage, tax collection, silver production and new titles of nobility all show peaks at different points of time between the mid-1780's and 1804. For example the conferral of new titles of nobility peaked in the quinquennium 1790-94, and stayed at a comparatively high level during the following ten years. But Flores Galindo views the political administrative changes of the late 1770's as major causes for the decline of Lima's monopolistic merchants. Thus one is left wondering when precisely this decay of Lima's mercantile aristocracy set in.

My comments on Alberto Flores Galindo's paper owe much to the revisionistic notions about Lima's late colonial economy developed by Marcel Haitin in his contribution to this volume and, in greater detail, in his recent dissertation. Rather than focus on one preeminent social strata, Haitin presents an interpretation of Lima's overall economy between the 1780's and the outbreak of the Wars of Independence. Just as Alberto Flores Galindo, he stresses the intermediary position of the city between overseas trade and the Andean hinterland, but places more emphasis on Lima's centrality as a market in its own right and the great significance of the bureaucracy (both civil and ecclesiastic) for its economy. To my knowledge Haitin is the first author who manages to come to a balanced realistic assessment of Lima's economy in the quarter century before the Wars of Independence, an assessment which comes to grips with the confusing evidence both for crisis or decline and continued buoyancy. He does so by insisting on differentiated conjunctures for Peru's regional and sectoral economies, as well as on changes in the social distribution of benefits from Lima's trade and industry. Haitin mostly agrees with Flores Galindo concerning the crisis of the city's monopolistic merchants. At the same time he stresses two elements which provided new prosperity to certain groups of traders and artisans: the continued strength of the viceroyalty's mining production and the city's population growth,

My comments on Marcel Haitin's paper concern his explanation of price increases in connection with Lima's population growth and his view about the distribution of mercantile capital since the 1780's. Any one who has ever worked on Peruvian economic history knows the frustration which arises from the absolute dearth of price data for any period prior to the late nineteenth century. Haitin's series on prices for agricultural commodities, carefully constructed from hospital accounts, thus constitute a welcome tool. His findings on the gradual decline of sugar prices coincide fully both with qualitative studies on the crisis of late colonial Peru's sugar industry as well as with recently published price series for Potosí.¹⁴ At the same time the author's finding that prices for garden crops and cereals rose moderately between the 1790's and 1818/19 raises some interpretative questions. His price series only cover a relatively short period, during which exogenous factors often may have distorted longrange price trends. Thus we may wonder whether the long-range growth of Lima's population, underway since the 1746 earthquake, really constituted the main cause of these price rises. Prices for grains and tubers were also rising in Potosí between 1790 and 1810. This rise, however, reversed a trend towards lower prices that began in the mid-1750's, inspite of population growth. Tandeter and Wachtel view climatic conditions as principal factor responsible for the renewed price increase after 1790.¹⁵ Also for Haitin's data on Lima for key food crops such as potatoes and quinoa the impact of climatic cycles on prices is discernible, inspite of the author's claim to the contrary. For population growth to be the culprit behind rising food prices, it would need to be shown that the number of people in the market rose faster than agricultural production. This was indeed what happened in Mexico since the 1770's. The relatively slower growth of agricultural production than of population owed much to the fact that in the densely settled central parts of that viceroyalty most land apt for crop production had been put under the plough by the 1780's.¹⁶ What little we know so far about the complex interrelationship between population, climate, production and social structure in the countryside of late colonial Peru does not suggest a similar development in the Andes: Here the demographic recovery had set in too recently for the rural population to be pushing against upper limits of crop production under prevailing social and technological conditions. In other words, there is little evidence to suggest that the growth of agricultural production could not have kept apace with population growth - as Tandeter and Wachtel suggest it did during the third

quarter of the eighteenth century —, if exogenous factors had not interfered.

Marcel Haitin makes much of the changed size distribution of Lima's mercantile wealth since the 1780's. Unquestionably the overall number of wholesalers, commission agents and shopowners was on the rise and most new practitioners only controlled very modest operations indeed. Neither do I wish to quarrel with the author's assertion that during the market glut of the mid-1780's "hands of very limited means" temporarily assumed a much greater weight in Lima's commerce than previously.

I remain skeptical however, whether this constitutes enough evidence to diagnose a lasting dispersal of the city's mercantile wealth for the remaining thirty-five years of the colonial era. Contemporary accounts purporting to witness such a dispersal are suspect, because a greater distribution of wealth among "industrious" small traders and artisans coincided with how an enlightened author would have wanted to perceive progress. In other words, reports about the growing well-being of ever larger numbers of small traders may be just as much an expression of the general confidence of its author about the city's economic development as any accurate account on the distribution of its mercantile wealth. Humboldt's often cited comparison between Lima and Mexico may also very well have been skewed. Some four years after *comercio libre* was finally introduced in New Spain in 1789, Viceroy Conde de Revillagigedo described the changed commercial climate there nearly in the same way as we have heard it for Lima:

El que ésta nueva especie de comerciantes va cada día en aumento es una verdad tan notoria que no se atreverán a negarla los mismos que aseguran el comercio decaído. Ellos dicen que es excesivo el número de efectos que viene, y que se han retirado de comerciar los sujetos de gruesos capitales. Conque es preciso que para dar giro y salida a las existencias se empleen muchos individuos de corto caudal.¹⁷

Humboldt may also have confused the larger absolute values of mercantile wealth in Mexico with a greater degree of concentration.

After the regulatory reforms between the 1770's and 1790's the shopkeeper as well as the small trader attempting to sell European goods on his own account either in Lima itself or in the Andean hinterland, was just as dependent on credit from the large import merchant as Flores Galindo has described it for the earlier decades. No trader could survive one or two commercial slumps independently, if he did not possess enough capital to carry him through a number of years during

which his merchandise was not selling and his commodity loans were not being repaid. It would seem that the need for credit and hence fairly substantial commercial capitals was increasing in a business environment calculating with lower profit margins. In brief, the increased number of small traders since the 1780's was merely an expression of the growing volume of trade. To determine changes in the rate of concentration of mercantile capital we would require evidence from wills of a very substantial sample of merchants and shopkeepers of different means and, probably a more precise measure, an analysis of *almojarifazgo* accounts as to the number of importing and exporting merchants and their shares of the whole commodity flow over the last half-century of the colonial era.

I would like to conclude by proposing some broad points of comparison between the structure and evolution of commerce in late colonial New Spain and Peru.

1. The expansion of the Atlantic economies and the subsequent liberalization of Spanish commercial regulations had a more favorable effect on the trade of New Spain than on that of Peru during most of the eighteenth century. While in this period Peru suffered the escision of vast territories from its commercial space, that of New Spain remained largely intact. The volume of transatlantic and intercolonial trade to New Spain grew much more rapidly during the first six decades of the century than trade with Peru. As John Fisher has recently shown, it appears that both viceroyalties participated equally in the expansion of trade during the 1780's and 1790's.¹⁸ In other words, the different volumes of maritime trade to New Spain and Peru, as one might observe them from around 1800, had their origin in divergent trends early in the century and not towards its end. Mexico's commerce further benefitted from growing European demand for a number of its agricultural commodities, such as sugar, indigo and cochineal. Peru, due to its unfavorable location, hardly benefitted at all from this new demand. — During the last dozen years before the outbreak of the Wars of Independence the merchants of Mexico City and Vera Cruz were probably affected more seriously by *comercio neutral* than were their colleagues in Lima. By 1806/07 a great part of European goods destined for New Spain reached the viceroyalty by way of the Cuban entrepot. A similar threat posed by Valparaiso to the merchants of Lima only became effective with the complete opening of trade to foreign vessels and merchants since the early 1820's.

2. While Peru suffered an external splitting of its commercial space, the trade liberalizations of the 1780's and 1790's lead to a decentralization of trade networks and commercial wealth *within* New Spain. This came to the fore most clearly with the foundation of the new Consulados of Vera Cruz and Guadalajara in 1795; but the merchant communities in many other provincial centers, such as Oaxaca, Querétaro, San Miguel el Grande and León also showed increased vigour. Their onesided dependence on the merchants of Mexico City decreased. This decentralization lead to a stronger integration of the Mexican market. No such development can be observed in the truncated viceroyalty of Peru. Here the trade liberalization primarily lead to a changed social composition of Lima's own merchant community. But the merchant communities in most of the provincial centers, such as Cuzco, Arequipa, Huamanga and Trujillo, remained relatively weak, and their dependence on Lima for the supply with European goods and credit diminished little.

3. While it was typical for merchants in both viceroyalties to diversify their investments, the composition of their "portfolio" and, hence, capital flows between various sectors of the economy, differed notably during the late eighteenth century. In both viceroyalties merchants invested heavily into haciendas. But investment of mercantile capital in mines tended to be only short-range and of limited scale in Peru, while in New Spain some of the huge fortunes in late colonial mining were made by members of Mexico's Consulado. For Lima's merchants probably their investment in ships played a greater role than for those in Mexico City or Vera Cruz. We are lacking data to compare mercantile investments in industry and urban real estate.

4. Given New Spain's considerably larger population and her greater urban agglomerations, the northern viceroyalty's market for most commodities obviously was considerably larger than that of Peru during the late colonial period. To the degree that commercial structures were still shaped by privileges and monopolies, this favored a larger scale of commercial operations and hence a greater accumulation of mercantile capital in New Spain compared with Peru. The closer links with mining enterprises just mentioned above may also help to explain the greater frequency of merchants with very great fortunes in Mexico. It should be noted that this need not be a sign of a greater concentration of mercantile capital in New Spain, since most likely the base of small and middling merchants was also correspondingly broader here. But the greater accumulation of capital may have had some repercussions for the

economy at large, as in Mexico it must have been easier to gather large sums of money for new investment projects, say a new drainage shaft for a mine, than it was in Peru.

5. The most difficult and at the same time most important issue concerns the market mechanisms, or the economic organization of trade in both viceroyalties. While at the highest level, the import of European goods, there is, for both viceroyalties, much evidence for increasing competition among merchants since the 1780's, it appears that the articulation with the sphere of production continued to rely heavily on coercion, monopolization and on privileges. For the case of Mexico there even exists good evidence to suggest that those extending credit towards small Indian and mestizo producers – not only traders, but also miners, hacendados and crown officials – strengthened their position during the last third of the eighteenth century, as currency became scarce inspite of growing mining output. At the same time circulation of commodities and credit between merchants, crown officials and other "respectable" businessmen became more agile through the widespread use of bills of exchange. In Mexico, then, a cleavage may have developed during the late colonial period between trade mechanisms used among the middle and upper strata of society on the one hand and those mechanisms applied by traders and officials to the lowest strata of rural and urban society.

In Peru, on the other hand, the abolition of *repartos* produced a decline of coercive trade practices towards the Indian rural population. At the same time, the basic conditions of domestic trade – dispersal and isolation of population nuclei, low level of production and income, continued importance of forced labor regimes – favored monopolistic trade practices even more than in Mexico. It is thus not surprising that the growing credit operations by Lima's merchants and intermediate traders with the new mining centers should have immediately relied on monopolistic and speculative practices. Although it is for the time being impossible to say whether the trade liberalizations since the 1780's brought about an overall decline of coercion in Peru's domestic trade patterns, it seems fairly clear that in the Andes no comparable cleavage of commercial practices between various social strata of the society developed.

The Bourbon reforms' effect on commercial patterns was ambivalent and contradictory in both viceroyalties. On the one hand there was growing competition, and free trade brought down the prices for European goods. At the same time the raised levels of taxation and the

growing scarcity of coinage as a consequence of increased silver remittance to the peninsula, made large sectors of the population ever more dependent on the small groups within late colonial society who were in a position to extend credit. In this way the Bourbon reforms managed at once to threaten and strengthen the mercantile interests in New Spain and Peru.

NOTES

- * I would like to thank Scarlett O'Phelan for a critical reading and suggestions on this commentary and Magnus Mörner for leaving me his notes on the papers discussed, which were the basis for his oral commentary during the Bielefeld conference.
- 1. David A. Brading, *Miners and Merchants in Bourbon Mexico, 1763-1810* (Cambridge, 1971); Alberto Flores Galindo finished a dissertation on merchants and social structure of Lima during the eighteenth century in 1982; in the meantime it has been published as *Aristocracia y plebe, Lima 1760-1830* (Lima, 1984); Marcel Haitin, "Late Colonial Lima: Economy and Society in an Era of Reform and Revolution" (Ph.D. Diss., University of California, Berkeley, 1983).
- 2. Javier Ortiz de la Tabla Ducasse, *Comercio exterior de Veracruz, 1778-1821, Crisis de dependencia* (Sevilla, 1978), pp.167-223; Julio Le Riverend, "Relaciones entre Nueva España y Cuba, 1518-1820," *RHA* Nos. 37-38(1954), 45-108.
- 3. Julio Le Riverend, *Historia económica de Cuba* (Barcelona, 1972), pp.177-179.
- 4. Manuel Moreno Fraginals, *The Sugar Mill, The Socioeconomic Complex of Sugar in Cuba* (New York/London, 1976), pp.28-30.
- 5. Ortiz de la Tabla, *Comercio exterior*, p.183.
- 6. *Ibid.*, pp.167-223.
- 7. Jorge Basadre, *El Conde de Lemos y su tiempo*, Colección de Autores Peruanos del Siglo XX, Vol. II, (Lima, 1948), pp.204-214.
- 8. Nicholas Cushner, *Form and Factory. The Jesuits and the Development of Agrarian Capitalism in Colonial Quito, 1600-1767* (Albany, 1982), pp.89-94, 107-115.
- 9. John Fisher, *Minas y mineros en el Perú Colonial, 1776-1824* (Lima, 1977), pp.204-212.
- 10. Sergio Villalobos R., *Comercio y contrabando en el Río de la Plata, 1700-1811* (Buenos Aires, 1965), pp.58-59, 94-95.
- 11. Haitin, "Late Colonial Lima," pp.85-87.
- 12. See John TePaske's contribution to this volume.
- 13. Calculation based on John Fisher, *Government and Society in Colonial Peru, The Intendant System, 1784-1814* (London, 1970), pp.254-255, Appendix 3.

14. Susan Ramirez - Horton, *The Sugar Estates of the Lambayeque Valley, 1670 - 1800: A Contribution to Peruvian Agrarian History* (Madison, 1974); Enrique Tandeter and Nathan Wachtel, *Precios y producción agraria, Potosí y Charcas en el siglo XVIII* (Buenos Aires, 1983), pp.30 - 40.
15. Ibid., pp.66 - 76.
16. Enrique Florescano, *Precios del maíz y crisis agrícolas en México (1708 - 1810)* (Mexico, 1969), pp.189 - 190.
17. Enrique Florescano and Fernando Castillo, eds., *Controversia sobre la libertad de comercio en la Nueva España, 1787 - 1818*, 2 vols.(Mexico, 1975), II: 15.
18. John Fisher, "Imperial 'Free Trade' and the Hispanic Economy, 1778 - 1796," *JLAS*, 13:1 (1981), 21 - 56.